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28 January 1953

MEMORANDUM FOR DEPUTY DIRECTOR/INTELLIGENCE

SUBJECT: Estimative Support for New or Revised NSC Papers

At the Senior Staff meeting on 27 January, five major subjects were proposed for early Council consideration, as follows:

- a. Overall Asia policy (agreed by all hands as desirable, with note by JCS that a super-priority paper on Indochina might be necessary).
- b. Policy toward the European Satellites (proposed by State).
- c. Policy toward the Middle East generally (proposed by State).
- d. Policy toward Yugoslavia (proposed by Defense).
- e. European policy in the event of continued non-ratification of EDC, with particular reference to admission of West Germany and Spain to NATO (proposed by Defense).

This memo gives the existing state of estimative support for such papers, the relevant estimates already programmed, and the apparent need for new estimates, with discussion of possible timing.

I. Overall Asia Policy

1. In the subject order of the Current Policies book:

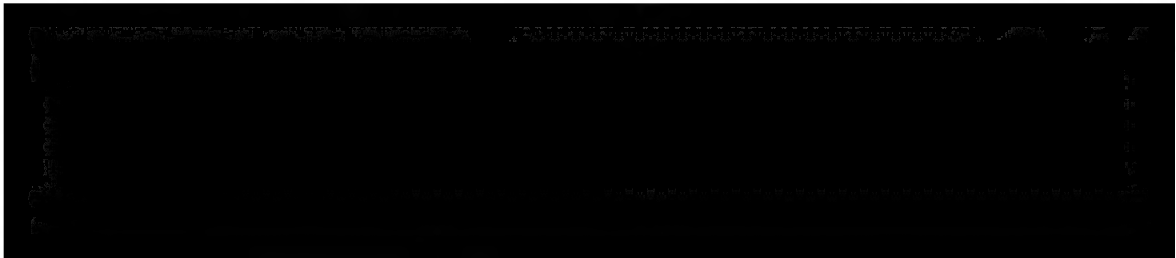
a. We have an overall estimate of Communist intentions in Asia, NIE-47 (31 October 1952), still generally valid but not covering any reaction to assumed Western courses of action. It is now planned to bring this up to date as part of the new edition of NIE-64 (Part II), for June publication, covering the period up to mid-1955. Possible need: a more urgent and selective estimate assuming certain Western courses of action.

b. We have a currently valid estimate of Sino-Soviet relations, NIE-58 (10 September 1952). We do not have any extensive estimate of internal conditions in Communist China more recent than July, 1951, though the subject has been touched on in successive

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Korean estimates and in the estimates of the effect of blockade and other measures (see c. infra). Because of the weakness of basic intelligence on this area, an extensive research effort had been laid out leading to an estimate in early 1954. Pending completion of this it was planned to treat Communist China in the new NIE-64 (Part II), due in June. Possible need: an urgent estimate on internal conditions in Communist China. This is so closely related to the need in a. above that the two might profitably be merged.

c. We have an estimate of Communist intentions in Korea, NIE-55/1 (30 July 1952), which was reviewed in November and judged not to need revision at that time. A new estimate, NIE-55/2, is now being prepared for March publication. We have also estimated the consequences of certain assumed courses of action that might be used against the Communists to break the Korean deadlock (embargo, blockade, air war in Manchuria) in SE-27 (5 June 1952), and the SIC has gone thoroughly into the status of existing trade and shipping controls on trade with Communist China (the most recent edition being 3 October 1952). Possible needs: acceleration of NIE-55/2. Any further review of the consequences of assumed courses of action should probably be handled in a single paper, merging with the needs stated in a. and b. above. The availability of SE-27 should make possible fairly rapid handling of these points.



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e. With respect to Formosa, we have an estimate on the likelihood of Communist attack, NIE-27/1 (1 April 1952), which still appears valid, and we have an extensive estimate of Chinese Nationalist capabilities for offensive action on any front, with some general statements on world reaction thereto, SE-29 (18 June 1952), which was prepared in support of NSC 126 and was judged generally valid in November. Possible needs: review of SE-29 and NIE-27/1 in the light of contemplated courses of action.

f. With respect to Southeast Asia, we have a generally valid estimate of the Indochina situation, NIE-35/2 (29 August 1952), and an estimate of the Burma situation, NIE-74, in final stages and capable of publication by 8 February. An updating of NIE-35/2 is programmed for May publication. We have no estimates on the Malayan or

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Thailand situations, nor any recent estimate on the area as a whole. Possible needs: acceleration of NIE-35/3, possibly covering the consequences of assumed courses of action. The consequences of assumed courses of action in Indochina on the rest of Southeast Asia might be considered in the same or a separate paper, bringing in some background in Thailand and Malaya, and for Burma whatever revision of NIE-74 is indicated.

g. We are covering Indonesia in a pending estimate, NIE-77, scheduled for February publication. [REDACTED] the Philippines, and Hong Kong and Macao (apart from their trade with Communist China) are not covered in existing or planned estimates.

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2. Recapitulation. Apart from the possible need for acceleration of the programmed local estimates on Korea and Indochina, the scope and content of any new estimate should probably be geared to contemplated courses of action. If these courses are Asia-wide, the estimate should be. If immediate action in Indochina is contemplated, this area could be dealt with separately. The timing of either would depend heavily on how narrowly the essential questions can be framed.

## II. European Satellites

3. The existing estimate on the Satellites, NIE-33 (7 November 1951) is thorough but somewhat out of date, though the situation is summarized briefly in the later NIE-64 (Part I) (8 November 1952). A complete successor had been programmed for the third quarter of 1952, with a separate estimate on East Germany at the same time. Possible need: since the contemplated courses of action will probably deal with the political situation and will not depend on the exact study of the Satellite economies and military potential made in NIE-33, it should be possible to accelerate a political estimate (with only broad economic and military treatment) for publication 3-6 weeks after initiation, leaving the economic and military detail to be covered either in a separate estimate or in NIE-64 (Part II).

## III. Middle East

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**IV. Yugoslavia**

5. The existing estimate on Yugoslavia, NIE-29/2 (1 January 1952), is useful for general background, but out-of-date in some respects. A successor is planned for publication in May 1953. It should be noted that the main point raised by Mr. Nash dealt with Yugoslav orientation and attitude toward US aid. This is not covered in NIE-29/2 adequately. (A corner of Yugoslav foreign policy, toward Albania, is covered in the recent NIE-42/1.) Possible needs: acceleration of the new estimate on Yugoslavia, with heavy emphasis on Yugoslavian attitudes in the East-West conflict (which will be covered in general terms in NIE-45, scheduled for February publication). If possible, this should include the Yugoslav reaction to contemplated courses of action.

**V. European Defense**

6. We have current estimates on France and Italy, NIE-63 (23 January 1953) and NIE-71 (in final stages, capable of publication by 15 February). Both of these touch briefly on EDC ratification. We have no estimates of the likelihood of ratification by other EDC signatories, nor of the reaction to rejection or indefinite delay of EDC by any country, nor of reactions to proposals for the admission of West Germany or Spain to NATO. A general basic estimate on the future  is tentatively programmed for the third quarter, but O/NE is currently considering earlier initiation. Possible needs: the first need should be a full appraisal of the EDC ratification situation, including the probable timetables of consideration by each signatory, and the chances of outright rejection or indefinite delay by each. In our judgment this is so much a current diplomatic matter that it should be handled by State alone rather than by a national estimate. National estimates could be used to cover, 



economic strength might be a virtually essential prerequisite for adequate estimates on (3). In any event the estimate would be a difficult one and should be given not less than two months for preparation if possible. . . Presumably admission of Spain would not be a matter of comparable urgency. Estimates of the Spanish reaction and of the reaction of present NATO countries would be in order at the right time. If this is urgent and early general Spanish paper would be desirable.